

MONTANA K-12 QUICK START ENERGY GRANTS PROGRAM APPLICATION AND PROGRAM GUIDELINES



MONTANA DEPARTMENT OF COMMERCE

Anthony J. Preite, Director

Kelly A. Casillas
Legal Counsel

Quality Schools Facility Grant Program
(Quality Schools) Administrator

Joslyn Hunt
Quality Schools Program Manager

Kali Wicks
Michael Murry
Quality Schools Program Specialists

Rebecca Harbage
Quality Schools Program Assistant

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INTRODUCTION

The “Quick Start” Energy Grants Program (Quick Start) is administered by the Quality Schools Facility Grant Program at the Montana Department of Commerce (MDOC). Quick Start is designed to quickly implement energy efficiency measures in Montana public schools that provide long-term, cost-effective benefits and enhance job creation and economic development in the State of Montana. Quick Start will, to the extent funds remain available, provide grants for energy audits or evaluations and for energy efficiency improvements that are expected to achieve measurable energy efficiency and cost savings for Montana’s public school facilities.

MDOC is authorized to administer Quick Start under the “Montana Reinvestment Act,” passed by the 61st Legislature and signed into law by Governor Schweitzer on May 14, 2009. The Act appropriated up to \$14,950,000 for Quick Start energy efficiency grants during the summer of 2009. Quick Start is a reimbursement grant program. After a grantee completes an approved project or portion thereof, the Department will reimburse a Request for Payment submitted with supporting documentation, as set forth in more detail in these guidelines. September 1, 2009 is the deadline for submitting Quick Start grant applications. MDOC reserves the right to limit the total amount of funding granted to any one school district. Any Quick Start funds not obligated for reimbursement by a school district on or before September 30, 2009 will transfer to the Quality Schools Facility Grant Program (Quality Schools) for competitive school facility grants awarded by MDOC during the 2011 biennium.

These guidelines explain who is eligible for Quick Start grants, what projects are eligible for Quick Start grants, how to apply for Quick Start grants, how Quick Start grants will be administered by MDOC, and the Quick Start grant administration requirements. MDOC reserves the right to amend these guidelines, at its sole discretion, at any time without notice during the term of the Quick Start program.

The application form for energy audits and energy efficiency improvements are available from MDOC upon request or on the Quick Start website at <http://commerce.mt.gov/QuickStart>.

If you have any questions regarding the *Quick Start Application and Program Guidelines* or other aspects of the Quick Start program, contact:

Montana Department of Commerce
Quality Schools Facility Grant Program
Joslyn Hunt, Program Manager
301 South Park Avenue
PO Box 200549
Helena, MT 59620-0549

Telephone: (406) 841-2800 - FAX: (406) 841-2878
E-mail address: DOCQuickStart@mt.gov
Web page: <http://commerce.mt.gov/QuickStart>

I. ELIGIBLE APPLICANTS

Quick Start grants are available for any public school district located in the State of Montana which serves Montana K-12 students, including elementary school districts, high school districts, and K-12 school districts, as those entities are defined in Title 20, Chapter 6, MCA.

The trustees of an applicant school district must approve the submission of a Quick Start application, either through formal resolution of approval or through delegation of authority to submit the application to an authorized officer or employee of the district. The trustees of an applicant school district are solely responsible for ensuring that the district follows all applicable federal, state, and local laws or regulations in applying for a Quick Start grant and engaging in any activity funded thereby.

Non-public school districts are not eligible for Quick Start grants. Article V, Section 11 and Article X, Section 6 of the Montana Constitution prohibits the appropriation of state funds for religious, charitable, industrial, educational, or benevolent purposes to any private individual, private association, or private corporation not under the control of the State.

A public school district may apply for a Quick Start grant for one or more school facilities within its jurisdictional territory. Likewise, a public school district may apply for a Quick Start grant for an entire school facility or for a portion thereof, so long as the specific proposed project is supported by an energy audit or evaluation.

All applicants must have the management capacity to undertake and satisfactorily complete the project applied for, and assure proper management of Quick Start funds. Quick Start recipients must be in compliance with all applicable auditing and financial reporting requirements, and have the capacity to specifically assure proper tracking and recording of Montana Reinvestment Act funds, including collection and reporting of the number of jobs saved or created by any project awarded Quick Start funding.

II. ELIGIBLE PROJECTS

MDOC will review all applications for Quick Start grants on a case-by-case basis. In general, however, the following types of projects will be potentially eligible for full or partial Quick Start funding:

1. **An energy audit or evaluation of a school facility or a portion thereof,** performed by a MDOC-approved prequalified energy auditor.
2. Implementation of **energy conservation improvements recommended by an energy audit or evaluation that provide relatively quick paybacks relative to cost** ("Level 2 Measures"). Examples include:
 - a. Replace existing incandescent and older florescent (T-12) lighting with T8 or T5 lamps and electronic ballasts.
 - b. Retro-commissioning. This process investigates and readjusts a building's heating, ventilation, and air conditioning systems. Retro-commissioning should be repeated approximately every five years to ensure building systems are being operated as designed and intended.
 - c. Install programmable, building-wide system controls for both heating and cooling systems.
 - d. Install occupancy sensors, day light sensors, and dual ballast controls where appropriate, and utilize task-oriented lighting wherever possible.
 - e. Load PC management software onto each computer, specifically designed to automatically turn on and off computers, optimize computer performance, and reduce computer-based power consumption.
 - f. Implement solar sources to assist hot water systems, or replace existing hot water heaters with Energy Star rated equipment.
 - g. Replace lighted exit signs with LED lamps.
3. Implementation of **energy conservation improvements recommended by an energy audit or evaluation that provide relatively long-term paybacks relative to cost** ("Level 3 Measures"). Examples include:
 - a. Increase roof insulation, during next scheduled roofing replacement, to current ASHRAE 90.1 compliance standards.
 - b. Increase wall insulation, when replacing siding or modifying exterior walls, to current ASHRAE 90.1 compliance standards.
 - c. Replace existing single pane windows with thermal pane windows with solar heat gain coefficient of no more than 0.40 and a U-factor of no more than 0.32
 - d. When replacing air handling units, incorporate economizers as a cooling method, in light of current ventilation codes, alternative equipment choices, and new technologies as alternatives to replacement in-kind.

- e. When replacing boilers and furnaces, replace with Energy Star rated, high-efficiency units, in light of current heating codes, alternative equipment choices, and new technologies as alternatives to replacement in-kind.
4. Any other energy efficiency project deemed eligible after case-by-case review by MDOC.

In general, non-energy audit projects funded by Quick Start should be “stand-alone activities” – meaning the project provides the identified energy efficiencies and district cost savings without a subsequent phase or the necessity of obtaining future funding. However, MDOC will consider awarding Quick Start funds to a project that is not entirely “stand-alone” if the applicant can demonstrate, to the satisfaction of MDOC, that the project is one portion of a larger project that is expected to be fully completed in the near future.

If a school district applies for Quick Start funding for more than one facility, or more than one project in a single facility, MDOC will consider and evaluate each proposal as a separate project, unless the applicant demonstrates, to the satisfaction of MDOC, that the project must be or should be considered as a whole in evaluating the proposal for a Quick Start award.

Quick Start funds are only available for energy audits or evaluations and energy efficiency improvements. If a school district is planning, designing, or constructing a larger project for a facility that includes energy efficiency improvements as only a portion of that project, the district may apply for Quick Start grants for those portions of the project. However, Quick Start funds cannot be awarded to or used by a school district to pay for the related but non-energy efficiency improvements of the larger project. For example, Quick Start funds for roof insulation may be awarded to a school district already planning to do roof replacement this summer, but the Quick Start funds may not be used to pay for the roof replacement.

Quick Start grant awards are not contingent on securing any “matching” funds. However, applicants are encouraged to seek out other funding sources to leverage Quick Start grant funds to support the costs of eligible project activities. Such funds may be from public or private sources; local general funds or other cash; proceeds from the sale of bonds; loans or grant funds from another state or federal program.

III. INELIGIBLE PROJECTS

MDOC will review all applications for Quick Start grants on a case-by-case basis. In general, however, the following types of projects or project-related expenses will not be eligible for Quick Start funding:

1. Operation and maintenance costs or expenses.
2. Purchase of non-permanent furnishings, fixtures, or equipment that is not permanently installed in or solely dedicated to the operation of the project, unless the applicant can demonstrate, to the satisfaction of MDOC, that a non-permanent solution is necessary to address immediate energy efficiency problems, will result in cost savings for the district, and will be replaced with a permanent improvement within a reasonable period of time.
3. Financial expenses, including but not limited to interest expense, bond issuance costs, or any other debt-related costs or expenses.
4. Grant administration and management expenses.
5. Any project related-cost incurred prior to May 15, 2009 or date of Award Letter, whichever is later.
6. Any project-related cost incurred after September 30, 2009.
7. Projects receiving funding for the same equipment through any other local, state, or federal grant or other funding program.
8. Used furnishings, fixtures, or equipment, unless the applicant can demonstrate, to the satisfaction of MDOC, that such items will provide equal to or better energy efficiencies and cost savings as new items and have a remaining useful life comparative to the term of the cost savings achieved.

IV. ENERGY AUDITS OR EVALUATIONS

General Requirements

MDOC is authorized to award Quick Start grants to school districts pay for the costs of obtaining an energy audit or evaluation of a school facility, or a portion thereof, completed by a pre-qualified energy auditor. Again, MDOC will review all applications for Quick Start grants on a case-by-case basis, but the completion of any of the following types of energy audits or evaluations will be potentially eligible for full or partial Quick Start funding:

- 1) Preliminary (or “basic”) energy audit or evaluation. The preliminary audit is the simplest and quickest type of audit. It may consist of interviews with site-operating personnel, reviews of utility bills or other operating data, and a walk-through of the facility. In a basic audit, the auditor will identify major areas of energy waste or inefficiency, briefly describe available corrective measures, and provide basic estimates of the costs of recommended improvements, the potential operating cost savings, and the estimated payback periods. MDOC will generally consider this type of audit adequate to support Quick Start funding for Level 2-type energy efficiency improvements.
- 2) General (or “conventional”) energy audit. The general audit collects more detailed information about facility operation and performs a more detailed evaluation of energy conservation measures available for a facility. Utility bills for a 12 to 36 month period are reviewed, and the auditor evaluates the facility's energy/demand rate structures, energy usage profiles, and signs of energy waste. Sometimes additional metering of specific energy-consuming systems is performed by the auditor to supplement existing utility data. The auditor identifies all energy-conservation measures appropriate for the facility and performs a detailed financial analysis for each recommended improvement based on implementation cost estimates and site-specific operating cost savings. Sufficient detail is provided to justify project implementation of all improvements recommended in the audit. MDOC will generally consider this type of audit adequate to support Quick Start funding for most energy efficiency improvements.
- 3) Investment-grade (or “comprehensive”) energy audit. The investment-grade audit provides a dynamic model of energy-use characteristics of both the existing facility and all energy conservation measures identified. The model is balanced against actual utility data to compute operating savings for proposed recommended improvements. The auditor gains an understanding of the operating characteristics of all energy consuming systems at the facility as well as situations that cause load profile variations on short and longer term bases (e.g. daily, weekly, monthly, annual). Additional metering and monitoring of the facility's major energy consuming systems is performed by the auditor to supplement existing utility data. The completion of an investment-grade audit often is used by the auditor to guarantee savings that will occur from implementation of the recommended improvements, or by the facility owner to support internal or external investment in the improvements. A Quick Start grant may be awarded to a school district to help fund an investment grade audit for a school facility, but will generally not be

required by MDOC to support an application for a proposed energy efficiency improvement.

All three types of audits will be accepted by the MDOC, so long as they provide the following minimum information:

- A narrative description of the facility, including its age, function, and current condition; its current energy system(s) and usage; and the price per unit of energy (electricity, natural gas, propane, fuel oil, renewable energy, etc.) paid by the district. The audit should review the information for the facility set forth in the State of Montana K-12 Public Schools Facility Condition Assessment (July 1, 2008), but should also include any updated and more specific information collected through the auditing process.
- A narrative summary of the proposed energy efficiency improvement(s) and their benefits.
- An estimated cost of the improvement(s) recommended.
- The expected energy savings in years and months of the improvement(s) recommended.
- An estimate of the dollars saved per year as a result of each improvement recommended.
- The payback period in years and months (total project cost divided by annual dollars of energy savings).

Prequalified Energy Auditors

Energy audits or evaluations funded with Quick Start grants must be performed by a prequalified energy auditor. MDOC will consider an energy auditor to be prequalified by one of the following two methods:

- 1) Energy Analysts for Public Buildings. On April 21, 2009, the Montana Department of Environmental Quality issued a Request for Qualifications (RFQ #209059) to identify a list of individuals qualified to conduct energy studies of public owned buildings including state and local government buildings, and K-12 schools and universities; collectively referred to as "public buildings." MDOC will consider any individual or firm identified through RFQ #209059 as a qualified energy analyst a "prequalified energy auditor" that is qualified to conduct an energy audit or evaluation funded by Quick Start. See *the list of pre-qualified energy analysts at: <http://commerce.mt.gov/QuickStart>*.

In addition, because individuals identified as prequalified energy analysts for public buildings have already been approved for contracting for such services with the state, MDOC can arrange to have these individuals prepare Quick Start-funded energy audit or evaluations directly. A school district applying for and receiving a Quick Start grant to prepare an energy audit or evaluation may choose to allow MDOC to arrange, schedule,

and reimburse those services directly with a prequalified energy auditor from the list of prequalified energy analysts that responded to RFQ #209059.

- 2) MDOC-Qualified Energy Auditor. If a school applies for a Quick Start grant to prepare an energy audit or evaluation, and wishes to use an energy auditor that is not on the RFQ #209059 list of qualified energy analysts, MDOC must conduct a separate review to determine if that individual is qualified to perform the energy audit. MDOC will review all such proposed energy auditors on a case-by-case basis, using the following criteria:

- Knowledge of energy renovations, including estimating improvement costs. Accuracy of projected improvement costs is critical for the district applying for Quick Start grants and MDOC in distributing accurate Quick Start awards.
- Skill at evaluating the type of facility being audited; different types of buildings may require different skills and approaches. For example, energy retrofits are sometimes performed in stages, with lighting retrofits performed first and other retrofits later. If a district is doing lighting first, it should find auditors with skill and experience in lighting retrofits. Building size can also introduce variations: small buildings may require more creativity in developing renovations that match building function, while large buildings may be more “generic” in their requirements for some basic energy-saving measures (such as lighting).
- Skill at performing energy surveys. Knowledge of the energy systems being considered for renovation and knowledge of system interactions are important.
- Experience with evaluation of energy efficiencies for the facility. The energy auditor should be able to assess both energy and cost benefits. The latter requires familiarity with local utility rate schedules.
- Knowledge of life-cycle costing methods. The energy auditor should be capable of producing specific life-cycle costing estimates to be used in the evaluation of cost savings to the district.

In selecting an individual to submit to MDOC for approval, the applicant should carefully consider its own ability to develop an energy audit reporting format, evaluate the adequacy of the audit being performed, perform quality control checks on the methods being used, and on the final audit results. If a district does not have the expertise or funding to perform these tasks, it should consider the alternative of using a prequalified energy analyst as set forth in subsection (1), above.

Please note that if MDOC approves a Quick Start grant for an energy audit or evaluation to be conducted by an energy auditor that is not on the list of prequalified energy analysts for public buildings, the district is responsible for complying with all applicable state and district procurement requirements.

V. ENERGY EFFICIENCY IMPROVEMENTS

General Requirements

MDOC is authorized to award Quick Start grants to school districts to pay for the costs of completing energy efficiency improvements to a school facility, or a portion thereof. Such improvements must be based on an energy audit or evaluation, and must be expected to achieve measurable energy efficiency to the facility and cost savings to the school district. Again, MDOC will review all applications for Quick Start grants on a case-by-case basis, but the following types of energy efficiency improvements will be potentially eligible for full or partial Quick Start funding:

- 1) Implementation of **energy conservation improvements that provide relatively quick paybacks relative to cost** ("Level 2 Measures"). Examples include:
 - Replace existing incandescent and older florescent (T-12) lighting with T8 or T5 lamps and electronic ballasts.
 - Retro-commissioning. This process investigates and readjusts a building's heating, ventilation, and air conditioning systems. Retro-commissioning should be repeated approximately every five years to ensure building systems are being operated as designed and intended.
 - Install programmable, building-wide system controls for both heating and cooling systems.
 - Install occupancy sensors, day light sensors, and dual ballast controls where appropriate, and utilize task-oriented lighting wherever possible.
 - Load PC management software onto each computer, specifically designed to automatically turn on and off computers, optimize computer performance, and reduce computer-based power consumption.
 - Implement solar sources to assist hot water systems, or replace existing hot water heaters with Energy Star rated equipment.
 - Replace lighted exit signs with LED lamps.
- 2) Implementation of **energy conservation improvements that provide relatively long-term paybacks relative to cost** ("Level 3 Measures"). Examples include:
 - Increase roof insulation, during next scheduled roofing replacement, to current ASHRAE 90.1 compliance standards.
 - Increase wall insulation, when replacing siding or modifying exterior walls, to current ASHRAE 90.1 compliance standards.

- Replace existing single pane windows with thermal pane windows with solar heat gain coefficient of no more than 0.40 and a U-factor of no more than 0.32
- When replacing air handling units, incorporate economizers as a cooling method, in light of current ventilation codes, alternative equipment choices, and new technologies as alternatives to replacement in-kind.
- When replacing boilers and furnaces, replace with Energy Star rated, high-efficiency units, in light of current heating codes, alternative equipment choices, and new technologies as alternatives to replacement in-kind.

Based on Energy Audit or Evaluation

The Montana Reinvestment Act of 2009 requires that energy efficiency improvements funded by Quick Start be based on an energy audit or evaluation. While Quick Start funds may also be approved for completing an energy audit or evaluation, MDOC will not require a Quick Start-funded audits or evaluations as the supporting document for an energy efficiency improvement funded by Quick Start. That is, upon MDOC's review, other audits and evaluations completed within the last five years may be used as a supporting document for an energy efficiency improvement funded by Quick Start. Likewise, MDOC will not require that a previously completed energy audit or evaluation have been conducted by a prequalified energy auditor. However, each proposed improvement must be adequately supported by an energy audit or evaluation. As explained above, MDOC will generally require a preliminary or basic level energy audit or evaluation to award Quick Start funding for a Level 2 type improvements, and a general or conventional energy audit to award Quick Start funding for a Level 3 type improvement.

Every audit or evaluation used to support an application for an energy efficiency improvement must have been completed within the last five (5) years, contain the minimum requirements set forth in Section III (Energy Audits or Evaluations), and supply adequate information for the MDOC to determine, in its sole discretion, that the improvements are expected to achieve measurable energy efficiency for the subject facility and cost savings to the school district.

VI. APPLICATION SUBMISSION

To apply for any Quick Start funding, a public school district must complete the application form found on the Quick Start website at: <http://commerce.mt.gov/QuickStart>.

The applicant must print and fill out the application form using typewritten font, or fill out the application online and print the completed application form. The completed application and supplementary materials, if any, must then be submitted by email or first class mail to:

Montana Department of Commerce
Quick Start Program
Attention: Joslyn Hunt, Program Manager
301 S. Park Avenue
P.O. Box 200549
Helena, MT 59620-0549
Phone: (406) 841-2800
Fax: (406) 841-2878
Email: DOCQuickStart@mt.gov

Each application submitted must include all of the information required in the grant application. MDOC reserves the right to reject ineligible, incomplete, or otherwise improper applications.

Quick Start applications will be accepted on an on-going basis from May 14, 2009 through September 1, 2009 or until all appropriated Quick Start funds have been awarded, whichever comes first.

The submission of an application for Quick Start funding confers no right upon any applicant. MDOC is not obligated to award any grants under this program, to pay any costs incurred by the applicant in the preparation and submission of any application, or pay any project-related costs incurred prior to **May 15, 2009** or the date of the successful applicant's **Award Letter**, whichever is later.

Applicants are encouraged to contact MDOC staff with any questions they have concerning application submittal and the requirements related thereto. MDOC is committed to assisting all school districts apply for Quick Start funding.

VII. APPLICATION REVIEW PROCESS

MDOC will review Quick Start applications and evaluate the extent to which the proposed project(s) relate to the criteria set forth in the Montana Reinvestment Act of 2009. To facilitate MDOC's review, applications should be organized according to the format outlined on the application.

MDOC staff will first review the application for completeness and sufficiency. During the review, MDOC staff may contact the applicant to review the application and to discuss any concerns or questions or to request additional information or documentation. MDOC may require additional information from the applicant to clarify information presented in the application; however, the applicant may only submit any additional information after the initial application when specifically requested by MDOC staff. Site visits by MDOC staff may be made to the proposed project area for the purpose of verifying or further evaluating information contained in the application.

After MDOC has determined the application is complete and sufficient information is available to evaluate the proposed project(s), the application will be evaluated on the basis of the following criteria. The evaluation criteria have been developed to assist the MDOC in identifying those projects that display the most potential for achieving the goals and objectives of the Montana Reinvestment Act of 2009:

- Potential for the project to achieve measurable energy efficiency for the school facility and cost savings for the school district, considering the age, size, location, energy use, function, and condition of the facility;
- Potential for the project to enhance job retention, job creation, and stimulate the state's economy;
- Likelihood that project can be fully completed on or before September 30, 2009;
- Overall quality of the application, including measurable project goals, tasks, and activities, a well developed work plan and budget, and easily identifiable deliverables.
- Capability of the applicant capacity to undertake and satisfactorily complete the project applied for, and assure proper management and reporting of Quick Start funds and cost savings resulting from projects funded thereby;
- Extent to which the applicant has sought and/or secured other funding sources to leverage Quick Start grant funds to support the costs of eligible project activities;
- Other criteria as determined by the MDOC to be in the best interest of the state.

MDOC will notify successful applicants of a Quick Start award by Award Letter. The MDOC will incorporate the completed application and all attachments thereto into a grant contract between the MDOC and the school district. The grant contract must be executed by an authorized agent of the school district before final MDOC approval of the award.

VIII. ADMINISTRATIVE PROCEDURES AND REQUIREMENTS

The provisions below describe some of the more significant administrative procedures and requirements for Quick Start grants that successful applicants must comply with. All procedures and requirements that the award recipient must comply with will be set forth in the grantee's contract with MDOC:

- 1) Payment. Payment for approved expenses under the grant contract will be on a reimbursement basis only. As successful applicants will legally obligate project expenses, they must and a Request for Payment with supporting documentation (invoice, receipt, etc.). MDOC will determine, in its sole discretion, whether supporting documents for a Request for Payment are sufficient and adequate to approve reimbursement. The grantee must submit all final Requests for Payment for expenses obligated by the district on or before September 30, 2009 to MDOC within 60 days of final project close-out. If the grantee fails to obligate expenses on or before September 30, 2009, MDOC cannot reimburse the grantee with Quick Start funds. If the grantee fails to submit a Request for Payment within 60 days of final project close-out, MDOC will not reimburse the grantee with Quick Start funds, unless the grantee can demonstrate, to the satisfaction of MDOC, a reasonable basis for the delay in requesting reimbursement.
- 2) Reporting Requirements/Project Monitoring. Grantees will be required to submit progress and expenditure reports in accordance with the requirements of the grant contract and the Montana Reinvestment Act of 2009. MDOC reserves the right to perform site inspection(s) in order to monitor the Grantee's compliance with the terms of grant contract, including but not limited to verification of services performed, equipment installed, and monitoring of Quick Start funds.
- 3) Public's Right to Know. Applications that are funded are subject to disclosure, in response to requests received under provisions of the Montana Constitution (Art. II, § 9). Information that could reasonably be considered to be proprietary, privileged, or confidential in nature should be identified as such in the application. MDOC will maintain the confidentiality of that information only to the extent permitted by law.
- 4) Authority/Approvals. The Applicant's signature on the application is his or her certification that the district trustees have taken formal action to approve submittal of the application or that the trustees have delegated their authority to submit the application to him or her as an authorized officer or employee of the district.
- 5) Compliance With Laws. The Applicant must certify on the application that the proposed project complies with all state, federal, and local laws, ordinances, and regulations, including any necessary environmental review, and that all permits, licenses, etc., required to perform the project have either been obtained or will be obtained no later than 30 days from the date of the Award Letter, unless the grantee can demonstrate, to the satisfaction of MDOC, a reasonable basis for the delay in obtaining necessary review or approval.

- 6) Dissemination of Information/Technology Transfer. Grantees will be contractually required to allow MDOC access to the project site and the ability to obtain, publish, disseminate, or distribute any and all information obtained from the project (except any data or information that has been negotiated as being confidential or proprietary), without restriction and without payment or compensation by MDOC.
- 7) Grant Duration/Performance Period. The grant term will begin upon execution of the grant contract and end on September 30, 2009 or upon final close-out of the project by the MDOC after final reimbursement for project costs, whichever is sooner. No Requests for Payment may be submitted for any costs or expenses obligated by the district for reimbursement after September 30, 2009.
- 8) Return of Funds. The Grantee shall return to MDOC any and all funds that are determined by MDOC to have been spent in violation of the Grant Contract.
- 9) Cost Savings. In the event that expenses for a Quick Start project are less than the projected costs and grant award, MDOC may, in its sole discretion, authorize additional related energy efficiency improvements for the same facility to enhance the overall project.